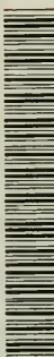


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Irish Railways

and their Nationalisation

A Criticism
of the
Report of the Vice-Regal
Commission

EDWIN A. PRATT

SIXPENCE NET

IRISH RAILWAYS AND THEIR NATIONALISATION

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of the
Report of the Vice-Regal Commission

BY

EDWIN A. PRATT

Author of
"Railways and Nationalisation,"
"German v. British Railways,"
"Canals and Traders," etc.

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PREFATORY NOTE.

IN the course of some remarks he made in reply to a deputation from the General Council of the Irish County Councils which waited upon him, on October 21st, 1910, with a view to urging the necessity for carrying out the recommendations of the majority of the Vice-Regal Commission on Irish Railways, the Chief Secretary for Ireland spoke of the Commissioners' Report as "one of the most interesting documents he had ever perused. He was sure," he proceeded, "when the people of England had time to read it they would find it a very interesting and even a remarkable paper."

It may, however, be doubted if the people of England, even with Mr. Birrell's recommendation before them, *will* so far overcome the popular prejudice against Blue Books as to devote to the Report in question that close study which would alone enable them to grasp the meaning, purpose and possible results of the somewhat complicated and certainly ill-digested scheme therein put forward by the majority of the Commissioners.

All the same, it is most desirable that the main issues raised by the Report should be clearly understood, not alone by the English, but also by the Irish people. Among these issues are—(1) The taking, in Ireland, of the first step in the United Kingdom in the way of railway nationalisation; (2) the important political considerations that might

be involved in the transfer of the Irish railways to an Irish elected authority ; (3) the unsatisfactory nature—should the principle of nationalisation itself be approved—of the Majority Report scheme, with its absence of definite figures and estimates ; (4) the improbability of Irish traders and travellers deriving any appreciable advantage from that scheme, even if it should be found at all practicable ; (5) the obvious unfairness of expecting the State to acquire the Irish railways and to guarantee interest on capital without retaining control over their operation ; (6) the doubtful character of the proposal—which Mr. Birrell frankly described as “a stumbling-block”—that the general taxpayer of the United Kingdom should provide not less than £250,000 a year in order that the Irish trader might obtain lower railway rates ; and (7) the prospect for the Irish ratepayer himself of having to make up, by means of a general rate in Ireland, the whole of the ultimate deficiency that might arise in the operation of the railways after the Irish elected authority to be put in charge of them had reduced their earning power by making whatever concessions in rates and charges it thought either fit or expedient.

In the circumstances, and assuming that the Man in the Street may still be reluctant to go through the original Blue Book, I have thought a useful purpose might be served if I offered for his acceptance, in the, perhaps, more inviting form of a small pamphlet, a digest of the main issues involved in a problem which I have myself followed up with the greater interest by reason of the fact that I was among those privileged to give evidence before the Commissioners during the course of their four years’ inquiry.

EDWIN A. PRATT.

November, 1910.

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Irish Railways and their Nationalisation.

NOT only has there long been in Ireland an active group of advocates of some form of State ownership of the railways in that country, but supporters of the nationalisation principle in general have regarded Ireland as the section of the United Kingdom in which a start could best be made with an application of the principle they favour. They would try their “‘prentice han”’ on Erin, and then see what they could do with England and Scotland. Lord Brassey, for instance, speaking at the autumn meeting of the Association of Chambers of Commerce at Liverpool, on September 19th, 1907, said, concerning the State ownership of railways :—

The capital value of the railways might be taken roughly at twice the amount of the National Debt. To deal equitably with interests so vast would be an operation which would heavily tax our financial resources. Perhaps we might begin with State ownership in Ireland. The financial operation would be on a limited scale.

In addition to the financial consideration here suggested, favouring a commencement with Ireland, it must be admitted that in some respects the economic conditions of Ireland are exceptional ; that the principle of State and local aid towards the provision of railways, especially in necessitous districts, has already been applied there to an extent unknown in England and Scotland ; that there may well appear to be an unduly large number of railway companies in so small a country ; and that to begin with them would be a less costly business than to deal with the whole of the railways in the United Kingdom.

An intimation that the proposals in question were about to assume a more definite shape and form than that of merely academic discussion was conveyed in an article published in

the "Financial and Commercial Supplement" of *The Times* of May 21st, 1906, under the heading, "Irish Railways: Prospects of Government Purchase." In the course of this article it was said:—

For a considerable time past an agitation has been kept up in Ireland in favour of the nationalisation of the railways. . . . Those who have been working for the State control of the Irish railways are in a hopeful frame of mind at present, owing to the action which the Irish Government has recently taken. Mr. Bryce was not long in office* before a scheme for the nationalisation of the Irish railways was formulated. Not only is he sympathetic towards it, but the matter is receiving his serious attention, and it is not improbable that one of the first important Irish measures undertaken will be the purchase by the State of the railways. Nothing can be definitely asserted, but it is considered fairly certain in well-informed quarters that the Irish Government intend to deal with the matter, and that before long.

THE VICE-REGAL COMMISSION.

The course actually taken differed somewhat from this forecast. No measure for the State purchase of the Irish railways was actually brought forward, but a Vice-Regal Commission on Irish Railways was appointed by the Lord Lieutenant, under date July 19th, 1906. It would appear, therefore, that either the correspondent of *The Times* had been *mis*-informed by his "well-informed quarters," or the fact of the Commission being appointed within two months of the appearance of his article must have been not unconnected with the "serious attention" which he said the proposals in regard to railway nationalisation were then receiving at the hands of the Irish Government.

TERMS OF REFERENCE.

Certain it is that the terms of reference of this Commission assumed, from the very outset, that the Irish railways were in fault; and, in view of the earlier statements by the writer in *The Times*, as to the leaning of the Government towards a nationalisation scheme, the impression may well have been given that the Commission was really expected, if it had not been actually designed, to collect evidence which would convict the companies of various shortcomings, and thus render the nationalisation idea easier of attainment.

The terms of reference, after directing the Commissioners

To inquire into the present working of the railways in Ireland, including light railways, and to report how far they afford, separately or

* As Chief Secretary for Ireland.

in conjunction with other means of transit, adequate facilities for the cheap and rapid transport of goods and passengers within the Island and to Great Britain ;

proceeded :—

what causes have retarded the expansion of traffic upon the Irish lines and their full utilisation for the development of the agricultural and industrial resources of the country ; and, generally, by what means the economic, efficient, and harmonious working of the Irish railways can be best secured.

To the first part of these terms of reference no exception could be taken ; but the remainder evidently regarded it as an absolutely uncontrovertible fact : (1) that expansion of traffic has been retarded on the Irish lines ; (2) that the railways have not been fully utilised for the development of the agricultural and industrial resources of the country ; and (3) that the working of the railways has been alike *un-economical*, *in-efficient*, and *non-harmonious*. It was thus not a matter of ascertaining by public inquiry whether or not the railways really had been guilty of these faults and shortcomings. The Commission was, apparently, to take it for granted that they had.

COMPLAINTS INVITED.

This putting of the railway companies “into the dock,” as Mr. Balfour Browne expressed it, in his closing speech (January 29th, 1909) on behalf of the associated Irish railway companies, was followed by the issuing of a circular in regard to which Mr. Balfour Browne further alleged that the Commissioners

Began to rake the country for complaints against the railway companies, and not against anything else. . . . Perhaps it was necessitated by the reference, but I am bound to say, if you look at it, it invites people from all over the country to come forward and make grievances against the railway companies. . . . It assumes the whole thing. . . Every one of these topics is suggested to these gentlemen. I would have come and given evidence myself with this brief in my hand. . . It sends out from this Commission a fiery cross all over Ireland, and I say no wonder you got complaints.

In effect, no fewer than 248 witnesses were examined, the Commissioners held 95 public and 56 private meetings, and a period of four years elapsed between their appointment and the publication of their final report.

THE COMPANIES EXONERATED.

It cannot be suggested that there was inadequate opportunity for the bringing forward of any possible grievances; but, although these were in no way lacking in number, a huge proportion were of the most trivial kind, not able to stand the test of investigation; and, in the result, although the Commissioners were divided on what became the main issues, the companies were fully exonerated from the accusations that had been made against them.*

Commenting on this particular outcome of the proceedings, the *Irish Times* of July 26th, 1910, said:—

The Commission began its inquiries by taking evidence against the present management of the larger companies. It was suggested in many quarters that this management was almost deliberately short-sighted, extravagant, and unpatriotic. We maintained at the time that this was an absurd and prejudiced view. . . . The Minority Report states that little fault is to be found with the individual management of the larger railways. The Majority Report, while condemning the present system root and branch, admits that the methods which it condemns could hardly have been avoided by the companies in view of their commercial obligations to their shareholders.

The chairman of the Midland Great Western Railway Company of Ireland, the Hon. Richard A. Nugent, speaking at the half-yearly meeting of that company on August 4th, 1910, said:—

Upon one aspect of the case the railway companies of Ireland have ground for satisfaction. They have emerged from the long ordeal of

* The following examples, taken from the published evidence, are typical of the grievances which were brought before the Commission:—

(1) A complaint that 7d. was charged for the transport of 28 lbs. of tobacco carried from Belfast to Monaghan, this being, the witness said, at the rate of 46s. 8d. per ton, instead of the nominal rate of 18s. 6d. per ton. (He had, of course, been charged the "small parcels" scale, and not the tonnage rate for larger quantities.)

(2) A complaint by a witness that he had had a beast killed in transit. Asked when it occurred, he replied, "About twenty-five years ago."

(3) A complaint that the railway companies do not provide cases in which dead pigs can be hung up in the vans, and so removed direct to the markets.

(4) A complaint that the rate for Irish bacon from Enniskillen to Liverpool was higher than that for American bacon from Liverpool to Enniskillen; though the witness admitted that if the Irish bacon were packed in boxes, like the American bacon, instead of in bales, it would go at the same rate. Asked why he did not adopt the system which allowed of the better loading of the waggons, and thus secure the lower rate, he replied, "The trade won't allow us."

For the reference in the Minority Report to the acquittal of the companies, see page 34.

this inquiry with credit, and the complaints and ill-founded charges so long made against them of mismanagement and exactions and of retarding the expansion of traffic have been dispelled.

Whether or not, therefore, it had really been hoped to base arguments in favour of nationalisation on the alleged faults and failings of the railway companies, any possibility of realising such aim was clearly nullified by the investigation itself.

CONTINENTAL CONDITIONS.

Another respect in which the case against the railway companies broke down was as regards a comparison between Irish and Continental goods rates and conditions of transit.

Such comparisons have long constituted a stock argument of the railway nationalisation party. For the purposes of the Irish inquiry the Department of Agriculture and Technical Instruction, with the approval of the Commission, sent a member of their staff, Mr. Philip MacNulty, to France, Belgium, Germany, Holland, Denmark, Austria and Hungary in order to collect data as to railway transport conditions in those countries. Mr. MacNulty brought back a large collection of official tariffs, etc., and the Statement he prepared, giving a digest of facts he had gathered concerning the railway systems of the countries in question, is a mine of information, of considerable value to students of railway questions in general. Such students cannot fail to be grateful to the Commissioners for having published these results of Mr. MacNulty's great activity in Volume IV. of their report.

But the direct bearing of all this information on the question of Irish transport was open to very considerable doubt; and in the evidence which I myself gave before the Vice-Regal Commission, in respect to Continental conditions, I sought to show (1) that there is no similarity between the geographical, economic, and general transport conditions of Ireland and of Continental countries; (2) that Continental railway rates may be exclusive of services which are included in the Irish rates; (3) that, for these reasons, there is no basis for any fair comparison between Ireland and the other countries in question; and (4) that, in effect, Irish transport can only be judged rightly from an Irish standpoint.*

These views were so far adopted by the Commissioners

* The same arguments equally apply, of course, to comparisons between English and Continental railway rates and conditions.

that the majority say, under the head of "Information as to Irish and Continental Goods Rates and Conditions of Transit":—

The considerations to be taken into account, and the differences in conditions, are so great, so numerous, and so varied and involved, that it would be very difficult to apply a common measure that could be expressed in figures. We do not think any useful purpose would be served by attempting to make a particular and detailed comparison between Continental and Irish rates.

THE COLONIAL EXAMPLE.

It was, again, obviously hoped by the railway nationalisation section of the Commission that the policy to which they had been more or less committed before the inquiry opened would be supported by the example of Australasia, where the railways are mainly owned and operated by the Governments concerned. A number of witnesses having personal experience of the administration and working of these railways were examined. They spoke of the part the lines had played in the development of the colonies; they expressed their preference for State ownership over company ownership, and, without necessarily having any personal experience of Irish conditions, or taking into account the fact that State purchase of a practically complete network of railways in Ireland to-day would be a very different matter from State construction of railways in colonies unprovided, or inadequately provided, therewith, they gave it as their opinion that the adoption in Ireland of the Australasian system of State railways would be of advantage to that country.

The majority of the Commissioners appear to have been especially impressed by some evidence given as to the action of the Victorian Government in constructing a line of railway to an irrigation settlement of 3,000 people 200 miles from the nearest terminus of the State railways, and they remark thereon:—

Of course it is generally recognised that projects of this experimental nature, with little certainty of success, and, in any event, taking years to fructify, are not practicable under the system of private commercial companies.

Here, however, the majority overlook the fact that, alike in the United States and in Canada, private commercial companies built in their pioneering days thousands of miles of railways through virgin forests and across mountain ranges

where there were then no settlements at all, or likely to be until the railways afforded transport facilities, the probability of such projects "taking years to fructify" in no way checking developments of private enterprise which will compare favourably with anything that Australia and New Zealand can show in favour of State action.

Comparison between the Colonies and Ireland must, however, needs be futile because of the absolute dissimilarity in their circumstances and conditions; and, after all the time spent in taking the evidence of these Colonial authorities, the majority find themselves compelled to admit—

In comparing the Australian with the Irish railways due consideration must be given to the varying conditions of the two countries, which are in many respects so different that it would be misleading to apply, without such consideration, any conclusions derived from the experience of the one to the circumstances of the other.

This is equivalent to saying, in effect, that the example of Australia, from which so much had been hoped, is found not to apply to Ireland at all.

STATE ACQUISITION.

While the case against the Irish railway companies, and in support of the nationalisation scheme, thus completely broke down as regards the three grounds of (1) grievances; (2) comparisons with Continental rates and conditions; and (3) the Colonial example, the majority of the Commissioners have nevertheless reported in favour of State acquisition, the minority in their separate Report expressing themselves directly opposed thereto. The general position was thus summed up in a leading article published in *The Times* of July 26th, 1910:—

There are seven Commissioners, and they are divided as equally as it is possible to divide an odd number. Four of them—Sir Charles Scotter (formerly general manager and now chairman of the London and South-Western Railway), Lord Pirrie, Lieutenant-Colonel William Hutcheson Poë (an Irish landlord), and Mr. Thomas Sexton (well known in Irish politics)—conclude in favour of the purchase of all the Irish railways by the State. Three of them—Sir Herbert Jekyll (Assistant-Secretary of the Board of Trade), Mr. William Mitchell Acworth (a well-known authority upon railway affairs), and Mr. John A. F. Aspinall (general manager of the Lancashire and Yorkshire Railway)—report in favour of amalgamation into a single commercial system of all the principal Irish railways by the voluntary action of the companies, assisted by permissive legislation and by limited financial aid.

THE MAJORITY REPORT.

Failing those other reasons which, as I have shown, had proved of no avail, the majority base their actual recommendation of State purchase mainly on the ground that they "consider it obvious that Irish development will not be fully served by the railways until they cease to be commercial undertakings."

This remark, as Mr. F. W. Pim observed at the half-yearly meeting of the Dublin and South-Eastern Railway meeting on August 11th, 1910, "appears to give the keynote of the whole Majority Report." Later on the report further says on the same question:—

It cannot be doubted that, so long as the Irish railways continue to exist as commercial undertakings, it will be extremely difficult, if not quite impracticable, for the companies to make such reductions in rates as the economic conditions of the country require, without jeopardising their capital.

The majority would, in fact, abolish the Irish railway companies on the ground that the commercial principle, as applied to their lines, is both unsound in itself and unsatisfactory in its operation.

It is desirable to see how far these conclusions are warranted by the facts of the case.

NUMBER OF COMPANIES.

There is, undeniably, one weak point in the railway situation in Ireland, and it is one that seems to be frankly admitted by the railway companies themselves. Although the total length of the Irish railways is only a little over 3,400 miles, the lines are owned by thirty-eight different companies and operated by no fewer than twenty-eight.

That these conditions call for change is common ground in both the Majority and the Minority Reports. Where the reports differ is in the particular form of the remedy they think should be applied. Each favours amalgamation under the control of a single body; but the Majority Report recommends public ownership by a popularly-elected body, and the Minority Report advises a continuance of the principle of company ownership.

AMALGAMATION.

In the idea of amalgamation of the Irish railways there is nothing new. The Great Northern of Ireland to-day

comprises thirteen separate railways, which have been absorbed at different times since 1875, while the seven principal systems in Ireland are shown in the Majority Report to comprise about sixty railways that were formerly separate undertakings. Since 1888 seventy-seven railway systems have been reduced to sixteen, and four of the larger companies have amalgamated seventeen separate undertakings embracing a total length of $503\frac{3}{4}$ miles. Since that date the Great Southern and Western alone has absorbed twelve other companies having a length of only a quarter of a mile short of 400 miles.

There still remain, however, as the chairman of the Belfast and County Down Railway Company (the Right Hon. Thomas Andrews) said at the half-yearly meeting on August 4th, 1910, "a very considerable number of railways which are anything but prosperous, and are giving very inadequate services to the public." Thus in addition to the main issues as to whether (1) the State should absorb all the companies, or (2) the companies should absorb one another, there is (3) the alternative issue whether the larger companies, while being allowed still to maintain their separate existence, should absorb the smaller companies.

THE MAJORITY SCHEME.

The first of the three issues, as here stated, is, of course the proposal of the majority of the Commissioners. They recommend :—

I. That an Irish authority be instituted to acquire the Irish railways, and work them as a single system;

II. That this authority be a railway board of twenty directors—four nominated and sixteen elected;

III. That the general terms of purchase be those prescribed by the Regulation of Railways Act, 1844, with supplementary provisions as to redemption of guarantees and purchase of non-dividend paying or non-profit earning lines;

IV. That the financial medium be a railway stock, such stock being charged upon (1) the Consolidated Fund; (2) the net revenues of the unified railway system; (3) an amount granted from the Imperial Exchequer; and (4) a general rate to be struck by the Irish Railway Authority if and when required.

They add that the annual grant from the Exchequer, to be of appreciable practical utility, should be of considerable amount, and certainly not less than £250,000.

TERMS OF PURCHASE.

There is, throughout, an extraordinary vagueness about the details of the scheme thus put forward.

The Majority Report makes no attempt to estimate the purchase price of the Irish railways, though it clearly assumes that the terms would, on the basis of the Act of 1844, be a sum equal to twenty-five years' purchase of the average annual divisible profits for three years before such purchase. But this assumption, which has been widely accepted by the Press and the public, overlooks the fact that the terms in question were, by a proviso in the Act, to apply only to railways whose dividend equalled or exceeded 10 per cent. on the capital, companies paying less than 10 per cent. being at liberty to claim that the terms of their purchase should be fixed by arbitration; and as all the railways in Ireland pay less than 10 per cent., there would have to be a separate arbitration in the case of each company. Hence, any calculations on the basis of twenty-five years' purchase must needs be wholly without foundation, while no one can possibly foresee what would be the result of the arbitration necessary in each and every instance. No less fallacious, for a like reason, must be any calculations—based on the terms of purchase—as to the savings that might be effected.

Is there not, also, something preposterous in the idea of raking up an ancient Act of Parliament, passed nearly seventy years ago, when railways were in their infancy and expected to pay at least 10 per cent. dividends, and applying it to the wholly different circumstances and conditions of to-day? If, for instance, it were proposed to apply to the London and South-Western Railway that principle of twenty-five years' purchase which the majority of the Commissioners seem to think is sound (since they say "the terms of purchase prescribed in the Railways Act of 1844 are, in our opinion, fair and equitable") it would give the shareholders some £3,000,000 less than the present market price, which price is the value the public to-day put upon the line in question.

In any case, we have the fact that the majority, though advising that the Irish railways should be acquired, do not attempt even to estimate what would be the probable amount of the purchase-money; though without doing so they do assume a saving by purchase, without any premises for such assumption.

FINANCIAL PROPOSALS.

No less are the financial proposals of the scheme vague, ambiguous, and uncertain.

The Majority Report states that the new railway stock is to be charged, *first*, upon the Consolidated Fund. If that be so, what other fund or security is required? If, on the other hand, a general rate on the Irish ratepayers is to be responsible for any deficit, what need is there for a Government guarantee—unless, of course, it is assumed that the Irish local rates may not be sufficient for the purpose? It is evidently anticipated that the net revenues of the unified railways will be inadequate; but is it contemplated that the local rates may fail?

Instead of offering a perfectly clear and well-defined scheme, such as one may regard as especially desirable where great interests and vast sums of money are involved, the whole plan is hopelessly lacking in definite data and clearness of detail.

THE GOVERNMENT GRANT.

The majority of the Commissioners evidently expect a good deal from the aforesaid annual grant of £250,000. They think it "would not only secure the full utilisation of the Irish railways for the development of resources, but would help to mitigate the pressure of poverty by encouraging employment, promoting general industries, and expanding trade"; and they further recommend that the reserve fund into which is to be paid any balance left over from the grant, after all these objects have been duly attained, "should be applicable by the railway authority to the construction of branch lines, links and extensions, and any other exceptional outlay."

Is there, however, any prospect that the grant would be secured?

Mr. Birrell more than discouraged any such hope when addressing the deputation from the General Council of the Irish County Councils which waited upon him on October 21st, 1910. He suggested that the moment the English agriculturists heard it was proposed to subsidise the Irish railways to the tune of £250,000 a year, in order that Irish railway rates might be reduced, they would want to go shares and to get, in proportion to the size of England, several millions per annum for the reduction of railway rates in their country.

He would, he said, "like to have the matter well thought out whether the subsidy from the British Exchequer was, in the opinion of those who advocated the Majority Report, a necessary part, or whether they thought that they would be able to run their railways, as a whole, under the new arrangements, without imposing a charge upon the British Exchequer, and without imposing any heavy liability on the general taxpayer."

From the Majority Report it is clear that the said grant of £250,000 a year really does form an essential and indispensable part of the proposed scheme. The remarks made by the Chief Secretary indicate, on the other hand, with much plainness, that the Government are not in the least disposed to make any such grant.*

THE IRISH RATEPAYER.

There would, of course, still be that general rate which the Irish railway authority would be empowered to impose on the Irish ratepayer, "if and when required," in order to make up any ultimate deficit, should the much desired, but mythical, £250,000 grant not suffice for that purpose.

Resort to such an expedient would mean that while the trader gained a certain relief, for one pocket, in railway rates, he would have to pay a larger sum out of another pocket for increased local taxation. It would, alternatively, mean that a merchant or manufacturer, getting lower railway rates *without* any material increase in the local rates he himself paid, would benefit at the expense of the agriculturist who used the railway very little, but upon whom an increase in local taxation would fall with especial severity; or it would mean that those who were not directly concerned either in trade or in agriculture would have to pay higher local rates in order that their neighbours who were in business could gain bigger profits by means of subsidised transport.

The majority of the Commissioners clearly anticipate that there would be a heavy annual loss on the unified railways, notwithstanding the predicted but wholly visionary economies, to which I shall allude later. Whatever, therefore, may be really their idea in regard to the new railway stock,

* The *Irish Times*, in its issue of October 28th, 1910, remarked:—
"Mr. Birrell has made it perfectly clear that if we want nationalised railways we shall have to pay for them ourselves."

they could not charge it to the net revenues alone; any prospect of an annual grant must now be abandoned, and undue dependence on the Consolidated Fund is certain to be resisted by a watchful Chancellor of the Exchequer, so that it is upon the Irish ratepayer the responsibility of the financial obligations incurred would ultimately fall.

What amount he would be required to provide is a matter for speculation; but he could rely on having to find the apparently indispensable £250,000 which the Government decline to furnish, and, in addition to this, he would have to pay the whole of any further deficit.

That the Irish ratepayer will be content to run these unlimited risks and accept this limitless liability, when he realises all that the scheme may involve, is altogether inconceivable.

In a letter to the *Irish Independent* of October 29th, 1910, "One Not Obsessed," writing from co. Donegal, says in regard to this branch of the question:—

Under various *noms de plume* I have always hitherto backed Mr. Field on those matters he supported; but on the question of rate-aided State railways I have no hesitation at all in going whole-heartedly against him. Whatever the shortcomings of the present system, it has this advantage anyway—that nobody pays except those who use the railways, and in proportion to the extent that they use them. Under Mr. Field's Majority Report plan those who would make most use of the railways are the people who would pay little or no rates at all. . . .

Let us now turn to the other side. All our small farmers from Cork to Donegal pay rates. It is within my knowledge that hundreds of these have never seen a railway, and thousands have never used one. They cannot afford such a luxury. The majority don't enter a train once in twelve months, and very few oftener than once a month, and yet these are the people who would have to bear the burden of rate-aided railways!

STATE PURCHASE: IRISH CONTROL.

The Railway Board which the Majority Report proposes should be formed would consist of twenty directors, of whom twelve, elected by county council and municipal corporation delegates, would represent the ratepayers, two would be nominated by the Treasury and two by the Lord Lieutenant, one each of the remaining four being elected by the Irish port and harbour authorities, the Irish Chambers of Commerce, the Irish Industrial Development Associations, and the Irish cattle trade associations respectively.

This Board would "control and administer" the unified railways, and the curious, if not altogether unique, situation

would be brought about of the Imperial Government guaranteeing interest on the railway stock, yet being in so small a minority in its representation on the Railway Board that the said control and administration of the railways would, in regard especially to any question on which a difference of opinion arose, be entirely in the hands of the Irish elected members. In this respect, therefore, a "nationalisation" of the Irish railways on these particular lines would go far beyond any system of State railways elsewhere. It would almost be the same as if the Prussian Government, after acquiring the railways of that country, had appointed advisory councils, not merely for consultative purposes, but to take over the entire system, with full power to control and administer it, to concede whatever reductions in rates they thought fit, and to call on the Prussian taxpayers to make good any deficiency.

It would be the purpose, if not the duty, of the Irish Board to work the railways on non-commercial lines. The majority of the Commissioners not only consider that Irish interests cannot be served so long as the railways continue to exist as commercial undertakings, but they hold that the object of unification should be that of "securing special and cheap transit arrangements, which are not practicable under the present system of private companies," any deficits resulting from a readjustment of rates being made good in the way already described.

A LESSON FROM SOUTH AFRICA.

This proposed operation of the Irish railways on non-commercial lines, at the risk and assured cost of taxpayers and ratepayers, is strangely at variance with the stipulations laid down in the South Africa Union Act of 1909, in regard to the administration of the railways belonging to the Colonies included in the South African Union. It is there enacted (clause 127) that "The railways, ports, and harbours of the Union *shall be administered on business principles*. . . . So far as may be, the total earnings shall be not more than are sufficient" (though it is evidently designed that they shall be sufficient) "to meet the necessary outlays for working, maintenance, betterment, depreciation, and the payment of interest due on capital not being capital contributed out of railway or harbour revenue."

DISADVANTAGES OF POPULAR MANAGEMENT.

Disregarding the example of South Africa, and operating the unified Irish railway system on other than business principles, the Railway Board would carry on such operation under conditions which might well lead to something like financial disaster.

There would be a widespread clamour for new lines and extensions, regardless altogether of any question as to the prospect of remunerative traffic thereon. In fact, the Majority Report itself says :—

In the course of our inquiry proposals for the construction of eighty-three new railways and extensions of existing lines were brought to our notice. . . . Additional railway accommodation was asked for in nearly every county in Ireland, but in comparatively few cases would the immediate prospects of traffic appear to be sufficient to justify commercially the expense of constructing the lines.

How would the pressure to construct such lines be resisted by a popularly-elected Board, whose policy is to be based on a definite abandonment of commercial principles? Yet the fact is notorious that in France, in Australia, in Cape Colony, and elsewhere, the railway systems have been heavily handicapped by the construction of unremunerative lines built to serve limited local, or even purely individual, interests under such conditions that they were not likely ever to pay; while in Australia it has, in some instances, been found cheaper to take "political" lines of this type up again, and abandon their working, rather than seek to operate them any longer.

Experience teaches us, also, the danger, under the influence of "popular control," of appointments and promotions being made, or increases in pay granted, apart altogether from a strict regard for business principles, with the result, among other things, of unduly swelling the working expenses, and adding still further to the burden the Irish ratepayer would have to bear.

RAILWAY RATE REDUCTIONS.

A no less serious risk would arise, under "popular" management of the railways on non-commercial lines, of reductions of rates being granted to an extent which, while, perhaps, encouraging particular industries and benefiting particular localities and individuals, would jeopardise the financial success of the railway system, and increase the prospects of a taxation of the many for the benefit of the few.

Apart from the other considerations involved, the fundamental purpose of the Majority Report scheme is to bring about substantial reductions in the scales of railway rates and fares.

From this point of view the report makes, in effect, the following assumptions: (1) That Ireland is a backward country *because* the railway rates are too high; (2) that the one means of ensuring her economic progress is to reduce those rates; (3) that this cannot be done under a "commercial" system of railway ownership and operation which aims both at making the railways self-supporting and at giving to shareholders an adequate return on their investments; and (4) that the only way in which the desired reductions can be assured to the Irish people is by a combination of State purchase, popular control, Government subsidies, and Irish taxation.

The reply to these assumptions is: (1) That the evidence given before the Vice-Regal Commission failed to show that any trade or industry had been hurt by the railway rates, while it did show that the railways had rendered very material aid to Irish industries and to Irish progress in general; (2) that there are other conditions, besides railway rates, which are concerned, and may be concerned to a far greater degree, in Irish economic development; (3) that, unless railways are to be regarded as a philanthropic institution, they must be operated on "commercial" principles, whether owned by private companies or by the State; and (4) that while rate reductions would be aimed at on the Irish lines under the proposed system of popular control, the advantages to be gained by the Irish traders must be very problematical, while it is certain that if large reductions are made the ratepayers at large will be the sufferers.

ECONOMIES.

The assurance that rate reductions could and would be made on a system of unified railways under popular control is based mainly on the expectation: (1) That State purchase would lead to the saving of large sums in interest; though the fallacy of this assurance is shown by the fact, already mentioned in connection with the Act of 1844, that no one knows what the amount to be paid for the railways would really be; and (2) that substantial economies would be effected when the lines were no longer divided between so many

companies, each with its own board of directors and separate staff of officers and officials.

On the surface there would appear to be some foundation for the latter argument, which, indeed, is constantly being advanced by supporters of the railway nationalisation principle. In the *Irish Times* of August 10th, 1910, for example, "A Shareholder," in expressing approval of the Majority Report scheme, wrote:—

The savings following unification . . . can it be doubted that they will be enormous? The Report mentions that there are 261 railway directors in Ireland at the present time for whom a board of twenty is proposed to be substituted. The directors of the Great Southern and Western Company receive an average of over £400 each per annum in fees alone, and, although the whole 261 are not remunerated as liberally as the lucky twelve, yet the disappearance of so many directors must mean a very handsome saving. Add to this the salaries and expenses of the officials of twenty-eight railways*—managers, secretaries, engineers, locomotive superintendents, accountants, audit inspectors and the like—and the result will be surprising.

But when one looks into details one finds that the actual savings would hardly be likely to justify the use of the word "enormous."

DIRECTORS' FEES.

As shown by the witness for the associated railway companies (Mr. Tatlow) in the evidence he gave before the Vice-Regal Commission, the remuneration received in 1906 by the directors of the thirty-eight companies owning the Irish railways amounted to £18,656, which gave an average of £491 per company and £79 per director. Out of this total of £18,656, however, £15,250 went to the directors of the six principal companies, leaving only £3,406 for the remaining thirty-two companies, an average of £106 per company.

Under the Majority Report scheme how much of this £18,000 would be saved? Not only, according to the report, are the twenty directors who are to form the proposed Railway Board themselves to receive allowances, but they are to be left to fix their own "remuneration and scale of expenses." It may reasonably be assumed that, in the circumstances, they would not be unduly modest in their estimates of the value of their services.

In the result, would any of the £18,000 be saved? How far, also, would the net saving, whatever it amounted to, go

* "A Shareholder" here refers to operating, as distinct from the larger number of owning companies.

towards a general reduction of rates and fares on the Irish railways, considering that in the year 1909 the gross receipts (exclusive of those on light railways) amounted to £1,663,832 from passenger fares, and £1,960,701 from goods, a total of £3,624,533?

INCREASED EXPENDITURE.

While, again, savings might be effected in some directions on a unified system, there would necessarily be increased expenditure in other directions. Apart from the demand for the building of unremunerative lines, there would be a further demand that small lines in the backward parts of Ireland should be brought up to a higher level of equipment and efficiency; much reconstruction would be necessary; there would have to be a levelling up of wages; traders and travellers on the smaller lines would make greater demands, in regard to train and other services, on a popularly-elected railway authority than they would make on a railway company, and traders would be more ready to present "claims" on any and every possible occasion.

Against, therefore, the wholly uncertain economies would have to be set alike the diminished receipts from decreased rates, owing to the concessions made, and the certain increase in expenditure in the various directions which I have here indicated.

AMOUNT OF POSSIBLE SAVINGS.

In the Majority Report itself no attempt is made to forecast the amount that might actually be saved through the anticipated economies. The language employed therein on this branch of the subject, as well as on other matters of material importance, is rich in platitudes but of the vaguest character in regard to actual details. While expressing generally the belief that "there is still a large field for economy" through amalgamation, the majority add, "We hesitate to commit ourselves to a precise figure;" and here, at any rate, they are certainly wise. They frankly admit also that "the saving to be effected in directors' fees, to which undue importance is apt to be attached, though not inconsiderable, is much smaller than is commonly supposed."

One of the witnesses examined before the Vice-Regal Commission, Mr. O'Dea, of the Irish Reform Association, suggested in the course of his evidence that by the conversion

of the Irish railways into a single system a saving of a quarter of a million might be effected, though he did not, of course, explain how he had arrived at his figures. Thereupon one of the Commissioners, Mr. J. A. F. Aspinall (General Manager of the Lancashire and Yorkshire Railway Company) asked him :—" Supposing your figure of a quarter of a million to be right, have you ever divided the total tonnage of goods carried over all the Irish railways* into that quarter of a million, so as to be able to assign how much you would be able to reduce the rate per ton to a particular place? " The witness replied, " Well, I never made that calculation."

This loose and unsupported estimate of Mr. O'Dea is, I might here mention, the one that has been generally accepted by the railway nationalisation party. The *Freeman's Journal* of August 30th, 1910, for example, after referring to the proposed grant of £250,000, goes on to say :—

The economies following unification would, it is estimated, amount to another £250,000. Even if only £200,000 were saved there would, etc.

There is, however, still no suggestion as to the way in which these calculations have been arrived at, and they would seem to be due much more to surmise than to actual data of any sort whatever.

OUTLOOK FOR THE TRADERS.

In the various circumstances here indicated, what is the actual prospect of the Irish traders securing those substantial rate reductions and those other advantages from rate-aided, State-owned, and popularly-controlled railways which they had been led to expect as the result of the particular policy favoured by the Majority Report? Are they not likely to find, rather, that between anticipation and realisation there may be a very considerable difference?

When giving evidence before the Vice-Regal Commission, on February 23rd, 1907, the Rev. T. Z. F. Stack, who represented the ratepayers of Drumquin and district, was asked, " Your idea is that if the State had the railways the rates in force now would be considerably reduced? " He replied, " Yes, sir; they could be reduced, I believe, by at least

* In the year 1909 the goods traffic on the Irish railways (exclusive of light railways) was: minerals, 2,077,112 tons; general merchandise 3,906,769 tons; total, 6,083,381 tons.

50 per cent." Mr. P. Crumley, representing the Enniskillen Urban District Council, examined November 20th, 1906, expressed the view that in order to put the country in a fair position for trade the present railway rates should be reduced by one-third. Other witnesses declared that nothing below a 25 per cent. reduction would be likely to give satisfaction.

What are the prospects of even the lowest of these three figures being attained through State purchase?

The hope that reductions of railway rates, to whatever extent, would be secured through the "economies" to be effected on a system of nationalised railways, popularly controlled, and operated, in the supposed interests of the "people," on lines opposed to ordinary business principles, must be at once abandoned. Any economies that might be effected would, as I have already shown, be counterbalanced by increased expenditure in others; and I would here add to the considerations already offered that the fact has been repeatedly demonstrated that State or municipal management is more costly than company management. In the circumstances, the Irish traders would be well advised not to build their hope of rate reductions on economies.

The other source from which, under the Majority Report scheme, the means for railway rate reductions were to be derived was that £250,000 subsidy by the British Government which has now practically gone by the board; though in regard to this the *Irish Independent* of August 19th, 1910 (prior, of course, to Mr. Birrell's intimation) said:—

Considered in relation to the gross receipts of the Irish railways,* £250,000 is an absurdly small sum. Assuming that there would be no increased cost of working, and that the present net receipts could balance the interest and sinking fund, this grant would represent only an average reduction of 6 per cent. on Irish fares and rates.

From an original demand for a reduction of 50 per cent. the Irish trader was thus brought down to a problematical 6 per cent. Would a reduction such as this, assuming that it could still be depended on, be likely to have on the industries of Ireland an effect in any way commensurate with the revolutionary financial, economic and other changes that nationalisation of the Irish railway system must involve?

ACTUAL EFFECT ON RAILWAY RATES.

The chairman of the Cork and Macroom Railway, Mr. Martin Flavin, has shown that the tonnage rate for butter

* See the figures already given on p. 26.

from that district to the distributing centres of England works out at three-fourths of a farthing for each pound of butter, and that a reduction in rates by 10 per cent. would be equal to one-fourteenth of a farthing per lb. of butter, or one penny for every 56 lbs. of butter having a retail value of about three guineas.

CLIMBING DOWN.

In view of such facts as these, the railway nationalisation advocates have been forced to admit that the earliest anticipations are not likely to be realised, and they themselves have discredited the idea of any general reduction of rates and fares as the outcome of nationalisation.

Writing in the *Irish Times* of August 9th, 1910, a hostile critic of the Majority Report, signing himself "A Rate-payer," said that if the witnesses on whom the majority relied were right, nothing less than a 25 per cent. reduction of rates and fares would be satisfactory; and he proceeded to argue that no possible increase in the traffic—itself involving additional capital outlay and heavier working expenses—would be likely to recoup the railways for their loss in traffic receipts.

To this the *Freeman's Journal* of August 10th replied that no general reduction of rates was contemplated, and that the principles which should, in the opinion of the Commissioners, guide a national railway management in the reduction of rates were:—"First, native industries that are unable to compete in the home market with foreign manufacturers by reason of unequal treatment from the carrying companies should have the handicap removed. Second, new industries should be encouraged, and get all the favour possible from the railway management. Such a reduction of rates on the industries indicated as would give them a helpful fillip would," the *Freeman's Journal* added, "be well within the proposed subvention of the quarter of a million, if not even less than the savings to be effected by unification and conversion of capital."

THE "HELPFUL FILLIP" STAGE.

By this time, therefore, the original 50 per cent. all-round reduction in railway rates had declined to the proportions of a "helpful fillip"—not for Irish industry in general, but for certain industries to be selected by the popularly-elected railway authority for preferential treatment.

Even this "helpful fillip," however, would seem to be dependent on the quarter-of-a-million subvention which is no longer to be counted on at all, and the last remaining hope the majority can offer to the trader depends on the extreme improbability of the Irish ratepayer being willing to submit to the aforesaid general rate.

A VANISHING QUANTITY.

From the point of view of the Irish trader, at least, the prospect first opened out to him by the scheme for the nationalisation of his railways resembles (if I may adopt an old analogy) that of an American thoroughfare which starts with a fine broad street in a city, but dwindleth and dwindleth the further it goes, until it is found, eventually, to lead to nothing more than a squirrel track up a beech tree!

MAJORITY REPORT IMPRACTICABLE.

To sum up the case against the Majority Report, I would say that the scheme proposed is wrong in principle and, even if it could be carried out without the £250,000 subsidy, would prove unsound in practice and unsatisfactory in results.

(1) The scheme is wrong in principle because (a) railways acquired or constructed by the State should be controlled, if not actually operated, by the State; (b) taxpayers should not be required to subsidise railways without being able, through their representatives in Parliament, to have a voice in questions of policy and management; and (c) railways, whether owned by companies or by the State, should be self-supporting and worked on business lines.

(2) The scheme would be unsound in practice because (a) the Railway Board would consist of members two-thirds, at least, of whom would have had no previous experience of railway operation or management; (b) owing to the fact that the Board was mainly an elected body, there would be the risk that non-economic influences would prevail alike in the choice of members, in the making of appointments on the railway staff, and in the granting of promotions; and (c) the Board, by reason of its creation on a "popular" basis, and because of the undue expectations raised, would inevitably be led into an increased expenditure which, coupled with decreased traffic receipts, and the general rejection of commercial principles, might speedily result in financial chaos.

(3) The scheme would lead to results which must needs be unsatisfactory because (a) the management of the "national" system would be less efficient than at present; (b) the country would be disappointed unless substantial reductions in railway rates and fares were obtained; and (c) the ratepayers would be furious if, in order that those reductions could be conceded, they themselves had to make good the serious deficits that would inevitably arise.

IRISH OPINION AND THE MAJORITY REPORT.

That the recommendations of the Majority Report were received, especially at first, with resolutions of approval passed by County Councils, Urban Councils, Boards of Guardians, and other local bodies in Ireland, is undeniable. Mr. William Field, M.P., who formed one of the deputation to the Chief Secretary on October 21st, 1910, even stated that, "so far as he knew, every representative Council, Corporation and public body, except certain Chambers of Commerce and Agricultural Committees, had passed resolutions in favour of the Majority Report."

But until Mr. Birrell, on the occasion referred to, bluntly intimated that the Government were not in the least disposed to make the annual grant of £250,000, it had been generally assumed that such grant formed an integral part of the Majority Report scheme, and the various bodies which passed the resolutions in question may have been influenced by their expectations in regard to the grant, the withholding of which would so seriously concern the Irish ratepayers if the scheme itself were carried out. Even, too, before Mr. Birrell's announcement, the views of the local authorities were not all in favour of the views supported by Mr. Field. Thus, as reported in *The Times* of September 23rd, 1910, the Athlone Urban Council unanimously decided to oppose the Majority Report, "as they believed that the scheme of nationalisation outlined in it would adversely affect the ratepayers."

Opinions, again, should be weighed, as well as counted, and when this is done the considered judgment of bodies such as Chambers of Commerce and the Irish Council of Agriculture, having close and constant dealings with transport questions, and possessing, therefore, a full and practical acquaintance therewith, should surely be regarded as of greater worth than the resolutions of Boards of Guardians and other local

authorities not necessarily having anything like the same qualifications for dealing with the questions at issue.

Although, therefore, Mr. Field seemed to dismiss the views of the dissenting Chambers of Commerce and Agricultural Committees as exceptions hardly deserving of notice, it is desirable that the nature of those views should be clearly understood.

The Belfast Chamber of Commerce adopted, on September 24th, 1910, a report of its Traffic Committee in which it was stated that the Committee dissented "very strongly" from the views and recommendations put forward in the Majority Report; that in their opinion there was little ground for complaint against Irish railway administration as a whole; that they were "strongly opposed to the proposal to give subventions to Irish industry in the shape of unremunerative rates of transit at the expense of the general body of ratepayers," and regarded the scheme of nationalisation by purchase and popular control as "impracticable and radically vicious in principle"; that the proposal to entrust the administration of the railways to a body largely constituted by popular election, with a mission to reduce railway rates and power to make rates to cover deficits, appeared to the committee to be "monstrous"; and that they endorsed the view of the minority that "the remedy is not to reduce rates but to organise production and distribution"; while they further approved of an absorption of the smaller lines by the principal Irish companies, and, also, supported the view that there should be greater facilities provided for dealing with traders' complaints.

The Council of the Dublin Chamber of Commerce passed, on October 4th, 1910, a series of resolutions, as follows:—

1. That, having fully considered both the Majority and Minority Reports of the Vice-Regal Commission on Irish Railways, this Council is in favour of the further amalgamation of the railways, more especially of the acquisition, without delay, of the smaller lines by the larger companies, and in order to expedite this process a sufficient grant from public funds to make such an operation possible should, where necessary, be sanctioned.

2. That in any arrangements which may be made in pursuance of the foregoing, the least possible dislocation of employment at existing railway works should be aimed at.

3. That the means of dealing with complaints or applications in respect of railway rates or facilities should be simplified and made easier and more accessible to traders and the general public.

4. That we disapprove of the proposal in the Majority Report for the acquisition of the railways at the cost and risk of the ratepayers of

Ireland, and we observe that the Commission heard no evidence on, and offer no estimate of, the probable cost or financial results of such an operation.

5. That we also disapprove of the proposal that the railways should be vested in and managed by a body of directors appointed in the manner recommended by the Majority Report, which would constitute a system of railway management not tending to efficiency or economy, and for which there is no precedent elsewhere.

6. That, having regard to the small average returns paid on the present railway capital, we are not satisfied that the profits would be sufficient to pay the interest and sinking fund on the stock to be issued as the purchase price of the railways.

7. That a system of indirectly subsidising trade or industries by reducing railway charges to unremunerative figures at the expense of the ratepayers, as contemplated by the Majority Report, is economically unsound, and a wasteful method of endeavouring to accomplish its professed object. Moreover, such a system would be open to grave abuses, and would not tend to an impartial administration of the railways.

We, therefore, fail to see that any advantage would be gained by involving the ratepayers of the country in an enormous debt and a most serious obligation to make good deficiencies in the railway accounts.

The members of the Waterford Chamber of Commerce, meeting on October 19th, 1910, declared by resolution that they were "not prepared to support the proposals embodied in the Majority Report," their reasons for adopting this course being given as follows:—

First, because we consider that the financial arrangements would be unworkable, if not ruinous to the country; and, secondly, because we consider that the proposed controlling body would not be adequately representative of the general interests concerned.

The Council of Agriculture, on the same day, discussed a resolution brought forward by Mr. Field, M.P., approving the Majority Report, and urging the Government to take immediate steps to have the recommendations thereof carried into effect. In the result, and after a debate which the Vice-President described as one that was worthy of a very serious question, the Council rejected the motion.

Such was the position, in regard to public opinion in Ireland, when Mr. Field addressed Mr. Birrell on October 21st, 1910. Five days later, and subsequently, therefore, to the Chief Secretary's intimation, there was held in the Council Room of the Dublin Chamber of Commerce a conference of Irish Chambers of Commerce to consider the two Reports of the Vice-Regal Commission. The delegates who attended represented the Chambers of Commerce of Dublin, Belfast, Cork, Limerick, Waterford, Drogheda and Newry. After full consideration, the conference adopted the

resolutions already passed by the Dublin Chamber (see page 32), the Cork Chamber alone dissenting.

In the circumstances it cannot be said that the Majority Report has received, even in Ireland, such a degree of influential support as would, apart from the many other considerations involved, warrant the Government in carrying it into effect.

THE MINORITY REPORT.

The report of the three Commissioners who form the minority is much more practical in its views and recommendations than the report of the four who constitute the majority. Between the two reports there are the widest, and wholly irreconcilable, differences of opinion ; but whereas the Majority Report is based to a very considerable extent on assumptions for which it offers no definite data, and opens out the prospect of an endless vista of complications, financial, economic, and in other ways besides, the Minority Report keeps much more within the range of what may be regarded as practical politics.

MINORITY VIEW ON GRIEVANCES.

As already indicated in the extract from the *Irish Times* given on page 12, the minority take a more just view of the past action of the railway companies, and have been in no way greatly impressed by the complaints gathered in with the help of the "fiery cross" spoken of by Mr. Balfour Browne. "In our opinion," they say, "*the result of the evidence is that, if the companies are considered as having been on their trial, they are entitled to a verdict of acquittal.*" They especially affirm that they do not think any argument can be founded on what had been so much relied upon by witnesses against the companies, viz., the alleged disparity between the average cost of conveyance per ton of goods in Ireland and in Great Britain, saying in this connection :—

As the railway witnesses pointed out, the comparison is vitiated not only by the immense volume of mineral traffic carried at low rates in Great Britain to which there is no counterpart in Ireland, but also by the fact that the average length of haul is probably greater in Ireland. A comparison of average passenger fares in the two countries is equally delusive, on account of the enormous urban and suburban passenger traffic carried at very low fares in Great Britain. In such unequal conditions no conclusions of any value can be drawn from comparisons of averages. The only true comparison is between

individual rates and fares in actual operation under comparable conditions for equal distances, and, tried by this test, the impression produced on our minds by the evidence is not unfavourable to the Irish railways.

THE IRISH RAILWAY SERVICE.

The minority further consider that, regarded as a whole, the service given by the larger Irish railway companies does not compare unfavourably with that given by railways in Great Britain when allowance is made for the differences alike in the volume and in the character of the traffic and in the industrial circumstances of the two countries. They doubt whether the expansion of traffic has been retarded. They further say:—

If traffic has not expanded as much as it might, had the circumstances been more favourable, the failure must, we think, be attributed to a variety of causes of which railway service is only one, and not the most important. On this point we have come to the conclusion that the railway companies have done what they could in their own interest, and so in the public interest, to stimulate traffic; that they have succeeded in augmenting its volume, and that to this extent they have benefited the industries of the country.

MINORITY DISAPPROVAL OF STATE PURCHASE.

All the same, the minority do not hold that the railway system, as a whole, is incapable of improvement, and they point, in this connection, to its subdivision among a number of independent companies—entailing evils of divided control—and other disadvantages.

Here, of course, the minority are in accord with the majority; but the two come to a parting of the ways as soon as they proceed to consider the particular remedy that should be applied.

Whereas the majority regard State purchase as the basis of any real improvement in the Irish railway system, the minority reject it *in toto*. The purchase of railways by the State, often proposed, has, they say, as often been rejected; and they allude especially to the adverse opinions expressed by the Devonshire Commission in 1867, and the Allport Commission in 1888.

PRIVATE OWNERSHIP PREFERABLE.

The minority are of opinion that “the principle of private ownership should be maintained.” They express the belief “not only that railways are better and more economically

managed by directors responsible to their own shareholders than they would be under any form of State or popular control, but that their administration on commercial lines is the best in the public interest."

They likewise say :—

We do not think that reductions of rates are more likely to occur under public than under private ownership of railways; indeed, the official statistics of the respective countries show that the fall in the average rate has been much greater on the privately-owned railways of France and the United States than it has been on the State-owned railways of Prussia, which are universally accepted as the most favourable example of State-managed railways in the world.

AUSTRALASIAN RAILWAY SYSTEM.

In commenting on the observations made by the Majority Report in regard to the evidence given to the Commission on the subject of the railway systems of Australasia (see p. 14), the minority say :—

We desire to point out that :—

(1) No critic of the Australasian system appeared before us, though such critics notoriously exist.*

(2) It is admitted, even by those who laud that system as it now stands, that serious difficulties and drawbacks existed at the outset, and were not got rid of for many years.

(3) It is shown by the official statistics that only within the last two or three years has the net income of the Australasian railways sufficed to cover the interest on the railway capital.

(4) Mr. Davies, late general manager of the West Australian Government Railways, told us in his evidence that, "comparing Australia with Ireland, the goods rates are higher in Australia, passengers' normal fares are higher, and there are fewer concessions of special fares," and also that the Irish railways give "a much bigger service."

Further, so far as the general effect of the evidence from Australasia is to support State ownership, as opposed to private ownership, of railways, we would desire to point out that, even if we admit that a railway policy, which was largely forced upon Australia and New Zealand by local requirements, has been justified by results, or that a similar policy might have been applicable to Ireland as it was sixty years ago, it does not follow that it would be applicable to Ireland now. We entirely agree with the conclusion at which our colleagues finally arrived in paragraph 122 of their report, that it would be misleading to apply any conclusions derived from the experience of Australasia to the circumstances of Ireland. These circumstances, indeed, differ fundamentally, and in most respects offer striking contrasts. To mention only one: Australia—a continent with few seaports, and a sparse, though growing population—required, and still requires, the opening up of districts large in extent and remote from the seaboard, which

* See Appendix.

could not be effected by private enterprise. Ireland, comparatively small in area, but relatively populous, with an extended coast-line so provided with ports that scarcely any interior point is more than fifty miles distant from one or more of them, is already in possession of a fairly complete system of internal communication by canal, river, or railway, mainly provided by private enterprise. On the whole, therefore, we are decidedly of opinion that no argument in favour of the introduction of a national railway system in Ireland can be founded upon the existence, however successful, of such a system in Australia.

MINORITY AND AMALGAMATION.

While the minority seek to maintain the principle of private ownership, they would change the application of it to the Irish railways in order to remedy the defect of undue subdivision among so many different companies.

As already remarked, too much seems to be expected from economies to be effected through amalgamation. We have seen that even the Majority Report discourages exaggerated anticipations as to what might follow if the railway directors' fees were saved; and I have shown that against economies in some directions must be set the certain prospect of increased expenditure in others. On this particular point the Minority Report says:—

We cannot shut our eyes to the probability that amalgamation would entail increased expenditure, which might go far to neutralise economies. The general manager of the Great Northern Railway, whose familiarity with the working of the Irish railways is admitted, told the Commissioners that, although the amalgamations with which he had been concerned had led to increase of revenue, they had not been attended with any reduction in expenditure. . . . Apart from increased expenditure on permanent way and rolling stock, a general levelling up of wages would almost certainly occur, and this, in itself though good for the railway servants, would go a long way to eat up any savings that might be effected in other ways.

I would, however, remark, in passing, that the eating up of savings under the conditions here described would be greater under a system of State ownership and popular control than under one of company ownership and operation, since the "popular" representatives, in the former case, would be much more amenable to pressure from outside influences than would be the directors and officers of a commercial company or companies who were bound to show due regard to commercial principles, and not look on their railway mainly as a philanthropic institution, supported by the *non-voluntary* contributions of taxpayers and ratepayers.

SELF-HELP FOR IRISH FARMERS.

With the further views expressed by the minority as to the desirability of the Irish farmers doing more to help themselves in their economic difficulties or disadvantages, instead of finding so much fault with the railways, and seeking to depend so much on the State, I can only express my heartiest concurrence.

In my book on "The Organisation of Agriculture" I have given details showing how various countries, great and small, in all four quarters of the globe, have sought to adapt themselves to the changing conditions of the day by effecting such organisation of their agricultural industry as would allow, more especially, of (1) economic production, (2) guarantee of quality, and (3) combined consignment, under the best conditions, in order to secure transit at the lowest available rates, with the result that the foreign or colonial producers have been enabled to compete far more successfully with British producers on our own markets. It is still a matter for serious consideration whether not only Irish but English farmers might not gain more for themselves by following the example of the foreigner in these directions than from any practicable reduction in railway rates alone, if the railways are to pay their way at all.

ECONOMIC PRODUCTION.

In the matter of economic production, for instance, a group of farmers in any particular district who formed themselves into an agricultural organisation society, grouped their orders for seeds, fertilisers, and other necessaries, and obtained these commodities through a federation of similar societies, so that each individual had the advantage, not only of wholesale prices for his own particular lot, but—what might be of even greater importance—had an absolute guarantee of purity of quality, would stand to gain therefrom advantages compared with which any actual benefit they could hope to secure simply from a decrease in railway rates would be quite small, if not actually insignificant.

RAILWAY RATES FOR AGRICULTURAL PRODUCE.

Irish farmers could, also, no doubt, secure more favourable treatment on the Irish railways by means of an effective organisation of transport on the same lines, more or less, as

the foreign producer whose competition they have to meet. On this point the Minority Report says:—

It is a matter of common knowledge that low rates and special facilities are the direct and invariable accompaniment of traffic large in volume, regular in transmission, and presented to the carriers in a form convenient to handle. In such conditions it is notorious that railway and shipping companies can afford to give rates and facilities which could not otherwise be given, and this fact is, in our opinion, sufficient to account for the difference in the treatment accorded to foreign and Irish produce. If the latter were presented in the same conditions, we cannot doubt that it would obtain the same advantages; and this leads us to conclude that the remedy is, not to reduce rates with the hope of stimulating traffic, but to organise production and distribution as they are organised abroad, believing as we do, that reductions in the cost of transit would be certain to follow.

VIEWS OF THE "IRISH HOMESTEAD."

In commenting on the final Report of the Vice-Regal Commission, the "Irish Homestead"—official organ of the Irish Agricultural Organisation Society—said:—

It needs two classes of people to run railways economically: the railway staff and the general public. The part which the public should play is altogether overlooked here, while it is continually in the minds of Continental experts. The railway directors and their staffs organise the system. It is only the public who can organise the traffic. In France, for example, there are people in almost every district whose business is to bulk and organise local traffic so as to secure to the merchants the advantages of low rates for consignments in bulk. . . .

On the Continent farmers have, through their co-operative societies, organised their traffic so that by consigning their produce in bulk they secure the low rates for large consignments. It is preposterous to expect railway companies to charge low rates on a straggling lot of consignments of small parcels. They must keep up large staffs of porters to deal with the multifarious unorganised traffic in agricultural and other goods in Ireland. The public in Ireland have not done their part of the business of organising railway traffic, and the tendency is to throw the whole blame on the companies, and to compare them and the Irish rates with Continental countries under quite different circumstances.

THE BUTTER INDUSTRY.

Coupled with this defective organisation of actual traffic is the question whether or not the industries themselves have always been developed in the way they should and might be.

The butter industry is a case in point. "How large a field," says the Minority Report, "is open to Ireland in this single industry is shown by the fact that in 1908 butter to the value of £24,080,912 was imported into the United

Kingdom from abroad, against only £4,026,023 exported from Ireland"; while the Majority Report mentions that, as stated in evidence, Danish butter finds its way into the Limerick market, one of the principal centres of the Irish butter trade.

WINTER DAIRYING.

The real key to the situation is to be found in the far better organisation of the Danish industry. This is especially the case in regard to winter dairying, by means of which the Danes are enabled to supplement their large and regular summer supplies by similar supplies during the winter, when there is practically no Irish butter on the market. In the result (to quote again from the Majority Report)—

The supply of Danish butter is regular throughout the year, while that of the Irish article is intermittent. Creamery butter, which forms the bulk of the Irish supply, begins to arrive in the wholesale market about the beginning of May, and ceases about the middle or end of November. The cessation of the supply during five months of the year is said to be most injurious to the Irish trade, wholesale merchants finding it increasingly difficult to induce the grocers to again take the Irish article in the spring, their customers who, in the meanwhile, have been dependent on the Danish butter, objecting to the change.

RAILWAY RATES FOR BUTTER.

The view taken by the Minority Report on the subject of railway rates for butter consignments is that—

To begin by reducing rates to a level unremunerative to the carrying companies would be to begin at the wrong end. It would be, in effect, to impose a tax upon railway receipts in order to put a premium upon faulty agricultural methods. If winter dairying were established first we believe that there would be such an increase in the volume and regularity of the traffic that lower rates would follow as a matter of course. Moreover, though reductions in rates might help the industry, the effect of such reductions would be insignificant, having regard to the small proportion which existing rates bear to the value of the goods, in comparison with the effect of establishing winter-dairying. This, coupled with the co-operative methods which have made the industry so successful in Denmark, could not fail to increase production and ensure the supply of Irish butter to the British market all the year round, thus enabling it to compete with Danish butter on its merits in the United Kingdom, and putting a stop to the importation of the latter into Ireland.

CONCLUSIONS.

To sum up the conclusions to which I consider the Majority and Minority Reports lead, I would say—

- (i) That no case has been established against the Irish

railway companies which could justify a resort to nationalisation of the railways.

(2) That railway operation has not retarded the economic development of Ireland.

(3) That the Irish railway system could be improved by reducing the number of separate undertakings through the absorption of the smaller lines by the large companies, and that this policy of absorption and amalgamation should be not only continued by the companies, but encouraged and facilitated by both the Imperial and the Irish authorities.

(4) That the public in Ireland—as also in England—should recognise that the effect of all these commissions and committees of inquiry into railway operation, inspired, it may be, as much by political as by economic considerations, extending, possibly (as in the present instance), over a considerable period, and putting the companies, as has well been said, “on their trial,” is to create conditions of uncertainty that interfere with, even if they do not discourage and check, the amalgamations, developments, extensions, improvements, concessions, or other advantages for which the companies would be far better able to arrange if, in a period of less interference, they were afforded greater encouragement thereto without having their time, their attention, and their energies so much diverted from the steady development of rail transport facilities through being required to face official investigations alike into more or less groundless complaints and into more or less impracticable schemes of railway reorganisation.

(5) That the Irish traders themselves, and more especially those of them who are agriculturists, should see that if they are to meet foreign competition effectively, and obtain the advantages their foreign competitors secure, they must, instead of seeking to throw the whole responsibility on the railway companies, and expecting them to carry traffic at non-remunerative rates, (i.) develop their industries on the same lines as the foreigner, so as to offer to the consumer constant, rather than intermittent, supplies of commodities of uniform quality; (ii.) secure through organised effort the most economical as well as the most efficient production; and, (iii.) again by means of combination, put themselves in a position to obtain those transport rates which can only be reasonably expected for large and regular consignments, despatched and carried under the most favourable conditions.

APPENDIX.

STATE RAILWAYS IN NEW SOUTH WALES.

ON p. 36 mention is made of the fact that the Minority Report says, in regard to the State railways in Australasia: "No critic of the Australasian system appeared before us, though such critics notoriously exist."

In *The Times* of August 27th, 1910, there was published, under the heading "The Railways of New South Wales," an article from the Sydney correspondent of that journal, dealing with the railway extensions and improvements proposed to be carried out in the colony at a cost of "many millions," and showing why these great operations are necessary. On this last-mentioned point the correspondent says:—

The need of them wants little proving to one who lives here. The local Press is constantly full of complaints against the existing order; stock are injured, fruit is wasted, markets are lost, because transit is so slow. If by some lucky chance the produce is carried with reasonable speed, it comes to such a hopelessly congested terminus that agents and shippers cannot get at it; if it is being carried from the terminus for up-country delivery, or between country stations, its fate seems no better. When melons take eight days in transit between two stations on a main line (the passenger train takes eleven hours); when trucks for fat lambs cannot be had within six weeks of application; when you can get fruit into Sydney from Hobart (650 miles away) and Brisbane (500 miles away) by steamer sooner than from country stations within two hundred miles of the capital (I quote statements publicly made this year by known authorities), no one can feel very proud of the system under which these things are possible. The *Sydney Morning Herald*, avowedly doing its best to be as mild as possible, refers to "the loss which many of our wheat producers and distributors are at present experiencing through the inability of the Railway Department to lift the harvest with the requisite expedition; the loss and vexation which stock-owners chronically experience at critical times through the shortage of trucks; the loss, again, which is inflicted on the mining industry through the isolation of some of the best mineral areas; the arrested development of certain other admirable agricultural districts for want of transport facilities"; and in part explains it all by declaring that the State railways "have been the sport of local influences, instead

APPENDIX.

of being laid down in conformity with a governing idea. We have now arrived at a stage, however, when it is positively dangerous to proceed further without some sort of coherent policy."

The correspondent proceeds to show how, for a long time, the State railways of New South Wales have been prevented from doing their proper development work owing to the veto of Sydney on all lines that might take away traffic she wanted to keep for herself. In the concentration of traffic on Sydney, he states—

Many districts were hindered in their natural development, some probably stunted altogether, by the fact that all their produce must travel so far to the market; and when railways began to spread into the northern and southern lands, Sydney influence woke up to active interference with the natural course of traffic. The Riverina railways were deliberately left unconnected with the Murray and the one little private line that jutted up from it into New South Wales; differential rates were arranged to divert consignments from the river route to South Australia, and the 200-mile or less railway route to Melbourne, over the weary four or five hundred miles to Sydney—unprofitably for the railway accounts, but greatly to the profits of Sydney agents and merchants. The debates of the many Federation conferences are full of this differential rate question, and even long after the Commonwealth had come into existence complaints about them were rife between States (for Sydney, of course, was not the only offender; each State capital snatched a traffic for itself, irrespective of the welfare of the countryfolk). And, though differential rates are supposed to be a thing of the past, deliberate disconnections are very much alive. The late Premier told the people of Murwillumbah (over 600 miles from Sydney by road and less than 100 miles from Brisbane) that they should get twenty miles of railway bridging the gap to the Queensland border *after* the 450 miles of gap towards Sydney had been bridged. And a recent request for a twelve-mile junction in Riverina between Finley and Tocumwal—which would give the wheat-growers of South Riverina a 150-mile route to the sea instead of a 450-mile one—was met with flat refusal by the present Minister for Works on the ground that "this link would enable the traffic to go away from lines that were constructed to enable the producers to reach the Sydney market." The *Herald* summed up the Minister's speech thus:—"He reiterated that he was going to do his best to maintain Sydney's grip on the Riverina trade."

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